



JOHN NAIMO  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 23, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: John Naimo   
Auditor-Controller

SUBJECT: **OFFICE OF THE ASSESSOR – THIRD STATUS REPORT ON  
MANAGEMENT AUDIT RECOMMENDATIONS (Board Agenda Item 47,  
January 8, 2013)**

On January 8, 2013, your Board of Supervisors (Board) instructed the Auditor-Controller to provide quarterly status reports on the implementation of the 45 recommendations from Strategica, Inc.'s January 3, 2013 report on the Office of the Assessor (Assessor or Department) management audit. The Assessor and the Executive Office of the Board (Executive Office) were responsible for implementing 36 and nine recommendations, respectively.

We previously issued two status reports (October 2013 and July 2014), which disclosed the Assessor had implemented 18 (50%) of the 36 recommendations, was in the process of implementing 14 (39%) recommendations, and disagreed with or identified that implementation was not feasible for four (11%) recommendations. The reports also indicated that the Executive Office resolved all nine recommendations (i.e., four implemented, five disagreed/not feasible). In addition, we notified your Board that future status reports would not be issued on a quarterly basis because most of the remaining recommendations required longer time periods to implement.

**Current Status of Assessor Recommendations**

Our review focused on verifying that the Assessor took corrective action on the recommendations they identified as implemented since our previous status report. This verification included discussions with Assessor management and an evaluation of relevant documentation (e.g., updated policies, productivity reports, etc.).

The Assessor indicated that they have implemented ten (28%) recommendations during this review period. For example, the Assessor established a Quality Assurance Unit that

reviews various aspects of the appraisal process (e.g., mass appraisals, return on investment, etc.) and recommends improvements. However, we could not verify that three of the recommendations were implemented because the Department has not yet prepared the documentation supporting the implementation methodology. With the ten additional recommendations, the Assessor has implemented 28 (78%) of their 36 recommendations to date.

The following table summarizes the current recommendation implementation status. Details related to each recommendation are included on the attached Recommendation Status Matrix.

ASSESSOR RECOMMENDATIONS - CURRENT IMPLEMENTATION STATUS							
Management Audit Review Areas & Number of Recommendations		Implemented [Prior Reviews]	Implemented [Current Review]	Implemented [Total]		In Process	Disagree / Not Feasible
A. Organizational Structure / Personnel:	8	6	1	7 (88%)	0	-	1 (12%)
B. Integrity:	2	0	2	2 (100%)	0	-	0 -
C. Agency Scope:	4	1	2	3 (75%)	1	(25%)	0 -
D. IT Management:	7	6	0	6 (86%)	1	(14%)	0 -
E. Workload Management / Statistical Reporting:	3	2	1	3 (100%)	0	-	0 -
F. Appeals:	4	1	1	2 (50%)	1	(25%)	1 (25%)
G. DIV Processes:	3	1	0	1 (33%)	0	-	2 (67%)
H. Valuation Methods:	5	1	3	4 (80%)	1	(20%)	0 -
<b>Totals:</b>	<b>36</b>	<b>18</b>	<b>10</b>	<b>28 (78%)</b>	<b>4</b>	<b>(11%)</b>	<b>4 (11%)</b>

The Assessor is currently in the process of implementing the four (11%) remaining recommendations. Given that the recommendations will require longer implementation time periods, additional status reports do not appear necessary at this time. Instead, we recommend that the Assessor notify your Board when the remaining recommendations are implemented. The Assessor has agreed to provide updates to your Board through quarterly Board Deputy update meetings. We are available to verify the information provided by the Assessor, if needed.

### Review of Report

Assessor management has reviewed this status report. The Department indicated that they will continue to implement the remaining recommendations, as necessary.

We thank Assessor management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff my contact Robert Smythe at (213) 253-0101.

JN:AB:RS:ZP

Attachment

c: Sachi A. Hamai, Interim Chief Executive Officer  
Patrick Ogawa, Acting Executive Officer, Board of Supervisors  
Jeffrey Prang, Assessor  
Santos Kreimann, Chief Deputy Assessor  
George Renkei, Assistant Assessor  
Public Information Office  
Audit Committee

### ASSESSOR MANAGEMENT AUDIT RECOMMENDATION STATUS MATRIX

Reco. #	Recommendation	Responsible Department	Department Agreement	Department Status	Auditor Verified	Auditor Comments
A1	The Assessor should keep the Chief Deputy Assessor position filled to provide continuity of management. The requirements for that position should clearly state the need for both substantial assessor experience and expertise, and demonstrated managerial competence. Most likely, this person would come from within the organization and have substantial County experience. However, the individual could also come from other Assessor organizations, as desired by the agency and the County. The County Charter should be amended so that should the Chief Deputy Assessor position become vacant within six months before or after a change in the elected Assessor, the Board of Supervisors would have the prerogative to appoint an acting Chief Deputy Assessor until a permanent replacement is found.	Assessor	Partially Agree	Implemented	Yes	The Department agrees that they should keep the Chief Deputy Assessor position filled to ensure continuity of their operations during the absence of the Assessor, and they retained a Chief Deputy with extensive County and managerial experience. The Department, however, indicated that the appointment of the Chief Deputy Assessor position, regardless of how long it takes to appoint a qualified candidate, should be the sole prerogative of the elected Assessor.
A2	The Assessor should increase the budget, opportunities and expectations for leadership and supervisory/management training for personnel in the agency including external course offerings.	Assessor	Agree	Implemented	Yes	The Assessor increased its budget for training, and provided a number of leadership, supervisory/management, and technical trainings to management and staff.
A3	The Assessor should expand the Rotation Process and, on at least an annual basis, conduct a succession planning process that would include: <ul style="list-style-type: none"> <li>• Forecasting managerial departures,</li> <li>• Inventorying projected technical and managerial deficiencies due to departures or based on strategic planning,</li> <li>• Planning for remedying these deficiencies through hiring or promotions, and</li> </ul>	Assessor	Agree	Implemented	Yes	The Assessor expanded the Rotation Process and created a strategic plan that includes conducting annual succession planning.

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	<ul style="list-style-type: none"> <li>Training needs for those that may be promoted.</li> </ul>					
A4	The Assessor should evaluate the promotion requirements for all Assessor items to ensure consistent criteria are used for all promotional examinations.	Assessor	Agree	Implemented	Yes	The Assessor completed job analyses for all promotional examinations promulgated during 2015. The analyses involved subject matter experts evaluating job requirements and performance standards, and revising examination criteria accordingly. The Assessor indicated that they will continue to complete job analyses before promulgating promotional examinations, and review job analyses every five years.
A5	The Assessor should implement a Peer Review of Chiefs prior to promotion to Director. The Assessor and Chief Deputy should formally obtain input from other Chiefs on who they believe would be the best candidate for a Director position. While the decision would still be based on who the Assessor believes is best qualified to manage a large section of the agency, this practice would at least provide input to the Assessor from the other Chiefs on that individual's skills and abilities.	Assessor	Disagree	Department will not Implement	N/A	The Assessor believes that obtaining informal input from Chiefs for lower level positions (e.g., Appraisers, Appraiser Specialists, etc.) could be beneficial. However, a Peer Review of candidates for the Director position is not practical since many of the Chiefs would be candidates for the same position. In addition, the skills and abilities of the prospective candidates should be analyzed and discussed between executive managers to determine and select the best qualified individual.
A6	Develop an Assessor's Executive Office under the direction of a Chief of Staff with a focus on public affairs and communications and establishing Assessor initiatives in non-operational areas. A formal strategic plan/focus for the Assessor's Executive Office should be developed as well as job descriptions for the individuals necessary to staff the office. Consideration should be given to reducing the number of Special Assistants in the office and for hiring professional personnel to adequately staff these functions. Special Assistants should be limited in number and only used for specialized needs by future Assessors.	Assessor	Partially Agree	Implemented	Yes	The Assessor has budgeted for the Chief of Staff position, but has decided not to fill the position at this time. The Assessor indicated that they have an organizational structure intended to ensure a separation between the political and administrative/operational functions of the office, with non-operational areas reporting to the Assistant Assessor of Administration and operational areas reporting to the Assistant Assessor of Operations, with both Assistant Assessors reporting to the Chief Deputy. In addition, the Assessor has created a strategic plan that includes a focus for the Assessor's Executive Office on public affairs (e.g., legislation, community outreach, media,

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						etc.), and communications within the Assessor's Office, other County Departments, and the public. The Assessor also decreased the number of Special Assistants from seven to three.
A7	<p>The Assessor should implement a new Organization Structure similar to Figure A-8. This new structure features:</p> <ul style="list-style-type: none"> <li>• A Chief Deputy overseeing all agency operations and reporting to the elected Assessor. This will ensure continuity of operations given that future Assessors may or may not have extensive knowledge about Assessor operations. The Chief Deputy should have experience in both functional areas and municipal government.</li> <li>• A small Information Technology (IT) strategy unit that would focus entirely on the future IT needs of the agency reporting directly to the Chief Deputy. Currently the primary focus of IT, as discussed elsewhere in this report, is on maintenance and development of existing systems. However, considering the pressing need for major legacy system replacement, a separate IT section focusing on strategic procurement and implementation of future IT development is needed. The Assessor recently formed an IT project management unit and this unit could form the basis for the IT strategy unit but it needs to report at a higher level to reflect the strategic importance of legacy system replacement.</li> <li>• IT should be moved organizationally to report to an Administrative Deputy along with Human Resources, Management</li> </ul>	Assessor	Partially Agree	Implemented	Yes	<p>The Assessor has a Chief Deputy overseeing all agency operations, and the Department completed the following:</p> <ul style="list-style-type: none"> <li>• Created an IT strategy unit (i.e., Business Solutions Group) that focuses on the Department's future IT needs, reporting directly to the Assistant Assessor of Administration. The Assessor indicated that having the Business Solutions Group report directly to the Assistant Assessor of Administration instead of the Chief Deputy will provide the opportunity for increased strategic focus and direction.</li> <li>• Moved the IT Division to directly report to the Administrative Deputy.</li> <li>• Organized their existing forecast unit to work closely with the Assessor's executive managers and the Chief Executive Office (CEO).</li> <li>• Formed an Internal Forecast Committee, consisting of forecast unit staff and supervisors, and other managers and subject matter experts in the Department. The forecast unit and forecast committee are tasked with reviewing and enhancing the existing forecast development process, and related policies, to ensure more accurate assessed value forecasts.</li> <li>• The Assessor has budgeted for the Chief of Staff position, but has decided to not fill the position at this time. Therefore, they designated a Special Assistant to be the gatekeeper for extraneous communications instead of a Chief of Staff.</li> </ul>

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	<p>Services and Training.</p> <ul style="list-style-type: none"> <li>Establish a roll reporting and forecasting function reporting to the Chief Deputy to ensure proper strategic focus of reporting and forecasting and accuracy of agency forecasts.</li> <li>The Assessor's Executive Office should be under the direction of a Chief of Staff who would act as a gatekeeper for all extraneous communications and requests coming into the office including those from tax agents and campaign donors. See Section B for a further discussion. The Chief of Staff should oversee a professional public information and communications office consisting of permanent positions, as discussed earlier.</li> </ul>					
A8	Review short span of control situations and, based on the stated criteria discussed in this section, increase spans of control so that managers have the proper leverage and to reduce management layers.	Assessor	Agree	Implemented	Yes	The Assessor reviewed short span of control situations, and re-organized these areas to ensure that spans of controls are appropriate.
B1	The County should amend the proposed County Code Section 2.165 to prohibit contributions from tax agents and their immediate family members (by blood or marriage).	Executive Office of the Board of Supervisors	Partially Agree	Implemented	Yes	In April 2013, the Board of Supervisors approved the Executive Office, County Counsel, and Registrar-Recorder/County Clerk's recommended amendments to the County Code to prohibit contributions from tax agents to the Assessor or candidates for Assessor, and to require taxpayer representatives to register as tax agents. However, the Executive Office indicated that, as advised by County Counsel, immediate family members were not included since it would violate their First Amendment protections.
B2	The County should send notices to all agents logged in the Assessment Appeals Board's (AAB) Customer Relationship	Executive Office of the Board of	Agree	Implemented	Yes	The Executive Office sent letters to potential taxpayer representatives to inform them of the new requirements to register as tax agents.

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	Manager (CRM) system as taxpayer representatives for the previous twelve months with instructions to register as tax agents under County Code Section 2.165 or face enforcement action.	Supervisors				
B3	The AAB should amend its Rules to designate certain parties in the CRM system when an appeal is filed (taxpayer and their representative) and within 10 days (assigned appraiser and an AR). Rules should be amended to stipulate that taxpayer representation should be limited to tax agents registered as lobbyists under 2.165. Rules should be amended to prohibit communication with any other parties except those designated until a case is cleared. County Code Chapter 2.165 should be amended to prohibit ex-parte communication during an active appeal by tax agents with any violation resulting in the loss of registration and a fine. AAB Rules should be amended prohibiting ex-parte communication by a taxpayer with an active appeals case with any violation resulting in the invalidation of their application. AAB Rules should be amended to prohibit ex-parte communication on the part of the Assessor or his/her staff with any violation resulting in disciplinary action (up to and including suspension) of the employee.	Executive Office of the Board of Supervisors	Partially Agree	Implemented	Yes	The AAB Training Manual prohibits ex-parte communications with the Assessor's Office, and/or applicants, their agents or representatives, unless such communications are made during a formal hearing process. In addition, the Executive Office indicated that the AAB's CRM system already designates the taxpayers and their representatives. However, having CRM identify assigned appraisers and Assessor Representatives (AR) is not feasible as each can change numerous times over the life of a case.
B4	AAB rules should be amended to require taxpayers/agents (and family members) to disclose gifts, campaign contributions or donations to the Assessor or any AAB member when filing an appeal.	Executive Office of the Board of Supervisors	Partially Agree	Implemented	Yes	The Executive Office indicated that the AAB Training Manual already prohibits acceptance of gifts and favors from an applicant, witness, the Assessor or an AR, a lawyer or agent practicing before the AAB, or individuals who could potentially benefit from AAB decisions. In addition, the Executive Office indicated that, as advised by County Counsel, immediate family members were not included since it

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						would violate their First Amendment protections.
B5	The Assessor Code of Ethics should be amended such that the elected Assessor must recuse himself/herself (e.g., cannot discuss or take part) in any appeal or administrative review if he/she accepted any donations, gifts or campaign contributions from the taxpayer, agent or family members.	Assessor	Partially Agree	Implemented	No	The Assessor indicated that they agree with the intent of the recommendation, and the elected Assessor will recuse himself/herself when conflicts of interest exist. The Assessor also indicated that they have reorganized their Executive Management structure to ensure that appeals and administrative reviews are handled ethically. The appeals and administrative review process must be initiated at the District Offices or Investigations Unit, and several levels of management must be involved before reaching the elected Assessor. If the elected Assessor's involvement is necessary, the Department will redact applicant names when possible to provide equal treatment.
B6	The Assessor should appoint a Chief of Staff whose job description should include acting as the point of contact for campaign donors, taxpayers or tax agents. Any contact received by the Chief of Staff should be directed to a staff appraiser or their immediate supervisor if a parcel is the subject of an administrative review or to an AAB-designated party if the parcel is subject to an appeal.	Assessor	Partially Agree	Implemented	No	The Assessor indicated that all taxpayers should receive equal treatment, and providing a single contact point for donors could be considered a form of preferential treatment. The Assessor also indicated that they have appointed a Chief Deputy Assessor and reorganized their Executive Management structure to handle requests in an ethical and practical manner. All taxpayer requests directed at the Executive Office will be referred to the appropriate department unit (e.g., Investigations Unit, etc.). In addition, all requests directed at the elected Assessor will be forwarded to the Chief Deputy Assessor for disposition.
C1	The Assessor's Office should deploy its appraisal resources more cost-effectively. Initially, it should shift resources from the canvass to processing business property statements timely. It should develop a plan for canvassing businesses on a cyclical	Assessor	Partially Agree	Implemented	Yes	The Assessor shifted staffing resources from canvassing to processing business property statements, which resulted in the timely completion of the property statements. The Assessor also started assigning real property duties to business personal property staff.

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	basis, so that all are visited once every four years. In time, the Office should seek additional ways to coordinate and share real property and personal property duties.					However, the Assessor will not canvass businesses' personal property on a cyclical basis. Instead, canvassing will be performed based on available resources and workload demand.
C2	The County should make the acquisition of a more effective personal property system to replace the AS/400 a priority.	Assessor	Agree	Implemented	Yes	The Assessor has made the acquisition of a more effective personal property system to replace the AS/400 a priority by issuing a Request for Information (RFI) for replacing their Unsecured Personal Property System and Secured Real Property System and requesting potential vendors to provide on-site demonstrations of their software. In addition, the Assessor completed hands on testing of two potential vendor's systems to determine whether their systems would be compatible with the Assessor's needs.
C3	The Assessor's Office should initiate research on typical personal property holdings of common businesses as a means of validating appraiser judgment. The information gathered during audits could be compiled in square foot guides that consider the type of business, the size of the premises, and qualitative differences.	Assessor	Partially Agree	In Process of Implementing	N/A	The Assessor is currently in the process of implementing the recommendation.
C4	The Assessor in concert with other assessors, the Board of Equalization, and other stakeholders, should explore a legislative solution to the lack of cost-effectiveness in assessing low-value properties. Holdings of, say, less than \$10,000 could be assessed on the basis of a presumptive value (which owners could challenge) or be exempted outright.	Assessor	Agree	Implemented	Yes	The Assessor reviewed studies on raising the values of low-value ordinance exemptions, and provided input to the Board of Supervisors.
D1	The Assessor should expedite filling the position of enterprise architect as presently envisioned.	Assessor	Agree	Implemented	Yes	The Assessor hired a consultant as the Department's Enterprise Architect on February 27, 2013.
D2	The Assessor's Office should continue to research IT and appraisal developments in	Assessor	Agree	Implemented	Yes	The Assessor has researched IT and appraisal developments in other counties (e.g., Orange

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	other parts of the state for their potential application as legacy-system replacements in the county, irrespective of supposed constraints imposed by technology or regulation and should consider Commercial Off-The-Shelf (COTS) alternatives to in-house development.					County). In addition, the Assessor has considered COTS alternatives to in-house development during their RFI process, which included software demonstrations and hands on testing from potential vendors.
D3	The Assessor's Office should engage routinely in cost benefit analyses, even for smaller projects, in order to develop proficiency that will be crucial in connection with future larger scale undertakings.	Assessor	Agree	Implemented	Yes	The Assessor developed a standard to prioritize IT projects, which includes completing cost-benefit analyses to prioritize and determine the feasibility of their current and future IT projects.
D4	The Assessor's Office should provide a supported IT system for collecting, entering, analyzing, and presenting income, expense, and capitalization data in support of the income approach to valuation, and it should ensure that such resources are pooled for access by all the appraisers who have potential need of such information.	Assessor	Agree	Implemented	Yes	The Assessor has implemented an IT system that is designed to centralize the collection of comparable sales, income, expense, and other relevant data used for the valuation of income properties.
D5	The Assessor's Office should provide documentation on how users are expected to interact with its IT systems.	Assessor	Agree	Implemented	Yes	The Assessor has provided user manuals for their IT systems on their intranet.
D6	The Assessor's Office should consider integrated products addressing the secured roll as well as the unsecured roll during its market research on alternatives to its systems that support its unsecured roll.	Assessor	Agree	Implemented	Yes	During a recent RFI for replacing their Unsecured Personal Property System, the Assessor requested potential vendors to discuss how their product integrates both secured and unsecured property assessments. The Assessor will be using this information to determine if an integrated system would be more beneficial for the Department.
D7	The Assessor's Office should amend its contracts with vendors to incorporate service level agreements.	Assessor	Agree	In Process of Implementing	N/A	The Assessor has not entered into any new contracts that would need service level agreements since the Audit was completed. The Assessor indicated that they plan to incorporate service level agreements in future contracts when possible.
E1	The Assessor should form a small forecasting unit (reporting to the Chief	Assessor	Agree	Implemented	Yes	The Assessor organized their existing Forecast Unit to work closely with the Department's

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	Deputy Assessor) to develop protocols, definitions and data sources for statistical reporting and workload management purposes. This unit should be comprised of the current staff that performs forecasting and statistical reporting functions.					executive managers and the CEO. The Assessor also formed an Internal Forecast Committee consisting of Forecast Unit staff and supervisors, and other managers and subject matter experts within the Department. The Forecast Unit and Forecast Committee are tasked with reviewing and enhancing the existing forecast development process and related policies to ensure more accurate assessed value forecasts.
E2	The County CEO should retain a real property value forecast consulting firm to perform periodic reviews and attestations of tax roll forecasts prepared by the Assessor. The consulting firm would report to the CEO but work with the Assessor's forecasting unit.	Assessor	Agree	Implemented	Yes	Assessor management indicated that the CEO already has a consultant, hired on June 25, 2012, who performed forecast related duties. The Assessor/CEO will use this consultant to comply with the recommendation.
E3	The Assessor's Office should explore ways to refine its production reporting system to incorporate returns on its investments and its resource allocations. It may be desirable to simplify the system so that it focuses less on the variety of work activities and more on work outcomes generally.	Assessor	Agree	Implemented	Yes	The Assessor developed Decline-In-Value (DIV) Dashboard and WorkPlan reports that identify work completed, staffing, productivity, assessment actions, and cost and revenue information. Assessor managers use these tools to evaluate return on investment and resource allocation.
F1	The County should amend Chapter 2.44 of the County Code to charge a \$35 fee for filing an assessment appeal. This filing fee will help to defray the cost of the program and will help to discourage frivolous filings.	Executive Office of the Board of Supervisors	Agree	Department will not Implement	N/A	The Executive Office agrees with the recommendation, but indicated that charging a fee for filing is not currently feasible (i.e., they do not have approval to charge fees).
F2	The AAB should amend Board rules to appoint a hearing officer to handle only continuances, withdrawals, and accepted recommendations rather than have these items presented to a board. Rules should waive appearance of parties once a hearing officer has approved the withdrawal, continuance or accepted recommendation. Withdrawals, continuances, and accepted recommendations should then be subject to	Executive Office of the Board of Supervisors	Disagree	Department will not Implement	N/A	The Executive Office indicated they disagree with the recommendation because Revenue and Taxation Code and Los Angeles County Board resolution already allow for hearing officers to approve withdrawals, continuances, and Assessor's recommendations up to \$3 million in roll value for limited types of properties. Appointing a hearing officer to only handle continuances, withdrawals, and recommendations will reduce the \$3 million

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	Board review in the same fashion as other hearing officer decisions. The new AAB Case Activity Report can be used by the parties as a tool to document withdrawals, continuances and accepted recommendations for review and approval by the hearing officer. Appendix D shows the proposed appeals process.					limit to \$500,000, which will result in more cases going to the AAB.
F3	The AAB should amend rules such that parties to an appeal must show true hardship for second (or subsequent) continuance requests. Hearing officers presented with continuance requests should deny requests except for hardship. Owner-occupied SFR cases (without tax agent representation) should be exempt from this rule. Appendix D shows the proposed appeals process.	Executive Office of the Board of Supervisors	Disagree	Department will not Implement	N/A	The Executive Office indicated that only about 15% of cases are continued, and not the vast majority of cases as indicated by Strategica. The Department believes that individuals should be given opportunities to continue their cases with reasonable/appropriate explanations.
F4	The Assessor should refrain from sharing case data with applicants before hearings except for formal exchange requests.	Assessor	Disagree	Department will not Implement	N/A	The Assessor indicated that the sharing of information is better approached on a case-by-case basis depending on the level of cooperation from the property owner and/or representative. Therefore, they are reluctant to advise a general policy that restricts their ability to maintain open communication prior to the hearing. The Department prefers the option of information exchange flexibility to improve the efficiency of the appeals process, which would ensure more thorough information as a basis for a sound, well-substantiated opinion of value.
F5	The Assessor should continue the practice of rotating ARs every three years.	Assessor	Agree	Implemented	Yes	Assessor management indicated that they plan to continue rotating ARs every three years.
F6	The Assessor should streamline value reduction reporting and approval authority. Policy 1502-1 should be limited to approvals and reporting on administrative reviews. Policy 4080-1 should solely govern determination of recommended values, AR	Assessor	Partially Agree	Implemented	Yes	The Assessor revised the Special Value Change (1502-1) and Assessor Representatives and Testifying Appraisers at Assessment Appeals Board Proceedings (4080-1) policies. The revisions differentiated the administrative scope of the policies,

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	responsibilities, approval thresholds, authority, and reporting requirements. References in Policy 4080-1 to approval authority levels in Policy 1502-1 should be omitted. Approval thresholds in Policy 4080-1 for determining recommended values should be based on percentage-based according to a revised Policy 1502-1 (see Section G). Approval thresholds for subsequent adjustments to those values should be percentage-based similar to the thresholds presented in the August 2 Guidelines for Assessment Appeals. Policy 4080-1 should then replace and supersede the August 2 Guidelines.					identified required procedures and staff responsibilities, and established clear and consistent approval thresholds and authorities. However, the Assessor indicated that they prefer to maintain dollar-based thresholds for special value changes (see recommendation G-1 below).
F7	The County should reengineer the AAB's CRM system to incorporate Assessor's scheduling and data requirements and repair data conversion issues.	Executive Office of the Board of Supervisors	Partially Agree	Department will not Implement	N/A	The Executive Office partially agrees that a single application should be created that would consolidate the business functions between the AAB, Assessor, Auditor-Controller, and Treasurer and Tax Collector. However, the Department indicated that reengineering the AAB's CRM system is not feasible based on their analysis of system capabilities and limitations.
F8	The Assessor's Appeals Tracking System should be modified so that the Assessor's original and adjusted recommended value is recorded for appeals cases.	Assessor	Partially Agree	In Process of Implementing	N/A	The Assessor indicated they agree with the recommendation, but will pursue this recommendation in the future, during the Department's Legacy System replacement project.
G1	The Assessor should amend Policy 1502-1 so that, in addition to dollar-based thresholds, percentages should be used based on the degree that a value reduction exceeds the general market direction. Percentage-based thresholds should take precedence over dollar-based thresholds.	Assessor	Disagree	Department will not Implement	N/A	The Assessor's Special Value Change (1502-1) policy relates to assessment value changes of \$5 million or more. All assessment value changes require one or two supervisory level approvals, depending on the amount. For changes over the \$5 million limit, the policy requires up to two additional approvals from upper management (i.e., District Chief, Director). The Assessor indicated that they prefer to maintain dollar-based thresholds to

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						ensure upper management approvals are solely directed at significant value changes.
G2	The Assessor should program the DIV system so that the approval thresholds found in Policy 1502-1 are programmed into the system with password based approvals replacing the use of Form RP-335. Value reductions exceeding 1502-1 thresholds should be to the Chief, Director or Assistant Assessor designated in the policy.	Assessor	Partially Agree	Department will not Implement	N/A	The Assessor partially agrees with the recommendation. The Department indicated that they are focusing their resources on replacing the Department's Legacy System, which will incorporate the approval threshold requirements.
G3	The Assessor should modify the DIV system so that approval authority delegation for appraisals not selected for enhanced review under Policy 1502-1 is limited to a Supervising Appraiser or a Principal Appraiser.	Assessor	Agree	Implemented	Yes	The Assessor has modified the DIV system so that a supervising appraiser or someone with a higher payroll item than the valuating appraiser approves property value changes.
H1	The Assessor should integrate the valuation resources of the County's Geographic Information Systems (GIS) into the Assessor's valuation activities, including the possibility of two-way automated data transfer, with additional consideration being given to developing statistically defensible surfaces to express locational influences systematically.	Assessor	Agree	Implemented	Yes	The Assessor has integrated GIS resources into their current valuation systems and will include additional features over time. The Assessor also indicated that they are evaluating two-way data transfers and methods of expressing location influences in their valuation systems, and plan to implement them when feasible.
H2	The Assessor should use modern Computer Assisted Mass Appraisal (CAMA) methods to produce and preserve at least first-draft if not final estimates of the market values of essentially all real property parcels each year in the jurisdiction despite the fact that the vast majority of such parcels will be taxed not on their market values but rather on the constrained values required by law. The marginal cost of doing this for all parcels rather than just the ones needing to be reassessed should be trivial and should be outweighed by the benefit of increased opportunities for quality assurance.	Assessor	Agree	In Process of Implementing	N/A	The Assessor indicated that they are currently partnering with graduate students from a local university to develop and implement a CAMA system.

Reco. #	Recommendation	Responsible Department	Department Agreement	Department Status	Auditor Verified	Auditor Comments
H3	The Assessor should consider using personal property canvassing personnel to encourage taxpayers to submit responses to forms requesting income and expense (I&E) data during their routine canvassing activities in connection with personal property renditions if such canvassing practices are to be continued.	Assessor	Agree	Implemented	No	The Assessor indicated that they conducted a trial of using business personal property canvassing staff to encourage submission of income producing real property I&E data. However, the Assessor determined that practice was not effective. The Assessor indicated that most of the businesses do not own the real property they occupy.
H4	The AAB should ensure that the evidentiary rules governing appearances before the Board prohibit appellants from introducing evidence on income, expense, or capitalization rates unless the property's own returns were timely filed with the Assessor as a means of encouraging the filing of such "required" returns for which no noncompliance penalty currently exists.	Executive Office of the Board of Supervisors	Disagree	Department will not Implement	N/A	Based on their discussions with County Counsel, the Executive Office indicated that this recommendation is an extreme measure that is unfairly harsh for the taxpayers. The Department will not implement this recommendation.
H5	The Assessor should initiate a program to systematically identify and remedy weaknesses in the appraisal and quality control systems arising from the degradation of mass appraisal practices following the implementation of Proposition 13. This would include an audit of cluster designations, the re-introduction of assessment ratio studies where feasible, (comparing recent sale prices to the office's estimate of the property's market value, not its constrained assessment), and an increased QA/QC role for the assessment standards unit.	Assessor	Partially Agree	Implemented	Yes	The Assessor established a Quality Assurance Unit that reports directly to the Assistant Assessor. The Quality Assurance Unit reviews various aspects of the appraisal process (e.g., mass appraisals, return on investment, canvassing, etc.) and recommends areas for improvement. The Assessor also re-clustered parcels which resulted in more accurate appraisals. However, the Assessor indicated that they will not conduct assessment ratio studies.
H6	The Assessor should consider integrated CAMA products during its market research into COTS alternatives to its problematic software for the unsecured roll, as noted in recommendation D6.	Assessor	Agree	Implemented	Yes	During the Assessor's RFI process to replace their Unsecured Personal Property System and Secured Real Property System, potential vendors provided on-site demonstrations of their software. Several of the potential vendors included CAMA functionality in their software.

\*Highlighted recommendations were implemented during the current review period.